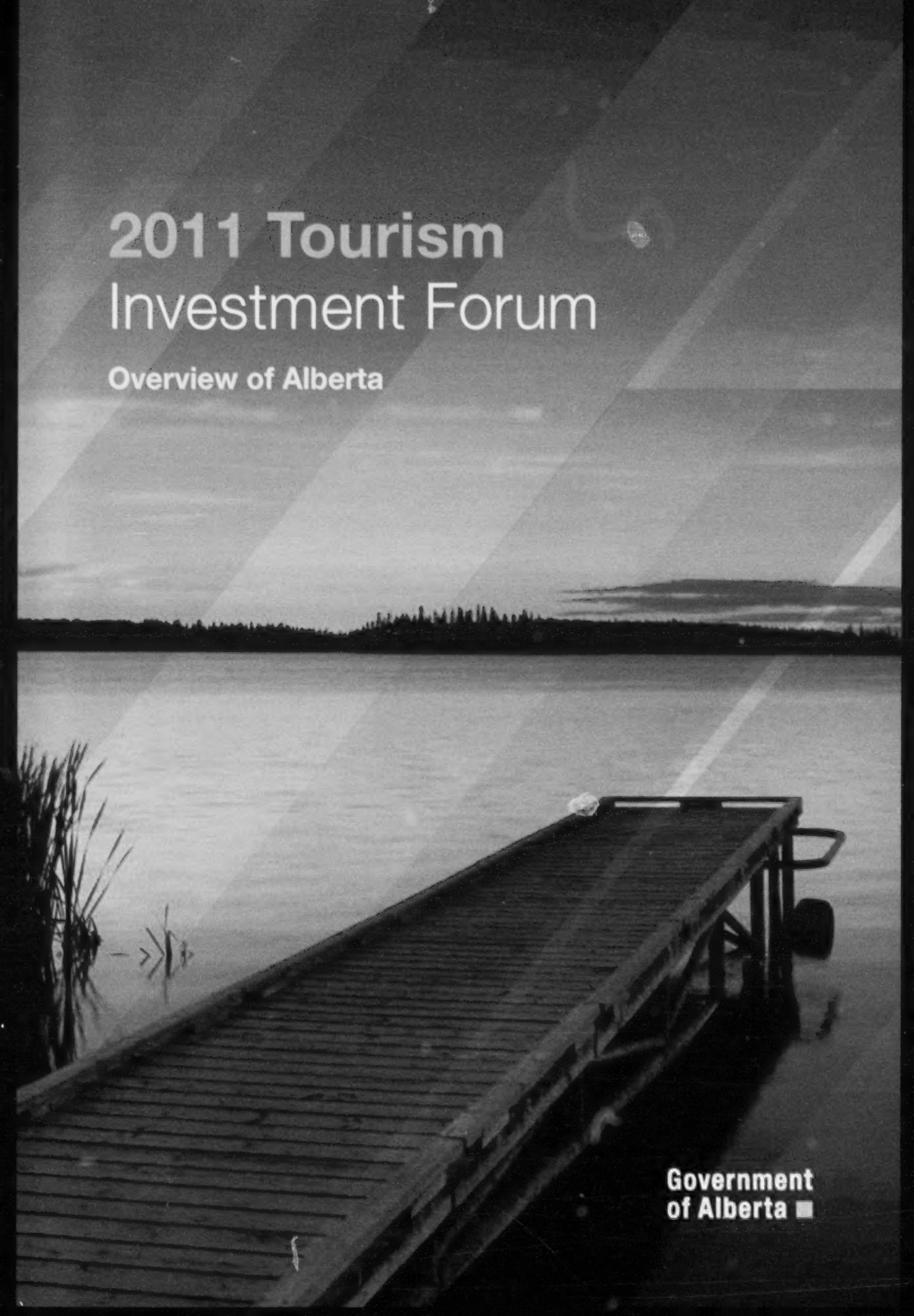

2011 Tourism Investment Forum

Overview of Alberta

Government of Alberta

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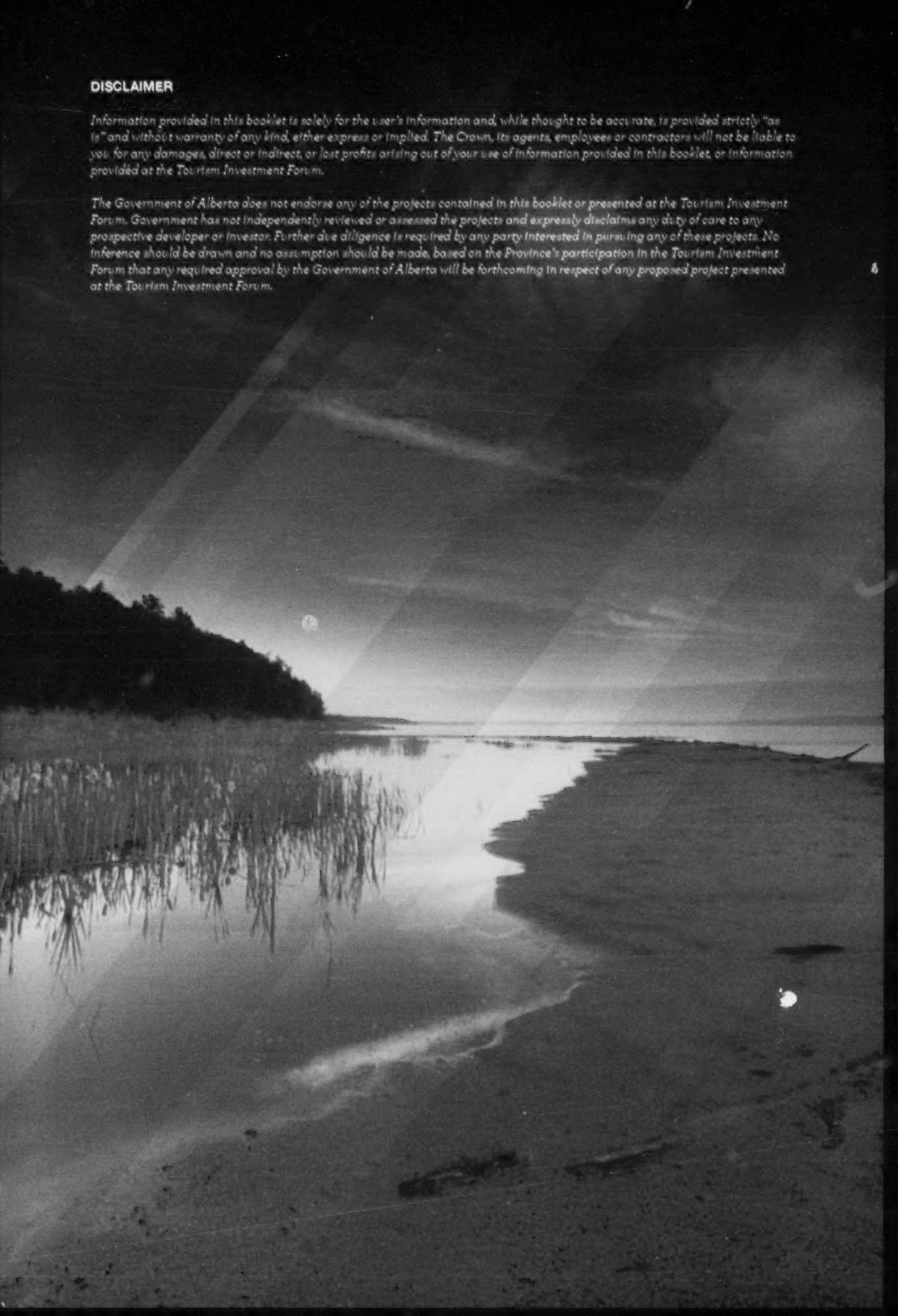


Introduction

The Government of Alberta recognizes the important role that tourism plays in the provincial economy. A number of its programs and services are focused on facilitating the development of new and enhanced tourism products and destinations. It produces information and undertakes initiatives that assist developers and investors in identifying tourism investment opportunities that exist within the province.

For a number of years the Government of Alberta's tourism division hosted the Tourism Investment Symposium, which gave Alberta communities the opportunity to promote land-based, for-profit tourism development opportunities like hotels, resorts, golf courses and RV campgrounds to investors, developers and hotel franchisors. In 2011, the event has been relaunched as the **Tourism Investment Forum** with a renewed focus on investment opportunities that are market and investment ready. This new approach will result in more networking time allowing communities and investors to engage in discussion and make important connections.

This booklet provides information about Alberta's business environment and the economic climate that supports investment opportunities in Alberta's tourism sector. The accompanying booklet showcases the selected tourism investment opportunities featured at the 2011 Tourism Investment Forum.

Overview of Alberta

Alberta is Canada's second most western province, with borders touching the Canadian Rocky Mountains to the west, the vast prairies to the east, the United States to the south and the Canadian arctic to the north. Alberta is blessed with a range of natural attractions, including a variety of lakes and rivers; prairie landscapes; forested areas; and rich paleontological areas. The province has a diversity of provincial parks and recreation areas, and features some of Canada's most popular national parks, including Banff and Jasper national parks, which are visited by tourists from all over the world.

Its two major cities are Edmonton and Calgary, both of which have populations in excess of 1 million people. The province is supported with a modern and well maintained transportation infrastructure, including an extensive highway system that extends throughout the entire province and two international airports located in Calgary and Edmonton.

In addition, rural Alberta has vibrant and sustainable communities where individuals, families, organizations, businesses and governments are vital contributors to the growth, prosperity and quality of life of Albertans. There are many great attractions in these areas, as visitors will find a wide range of unique experiences including dinosaur digs, world class fishing, teepee camping trips, PGA caliber golfing, cross country and downhill skiing, and much more.

Alberta's Economy

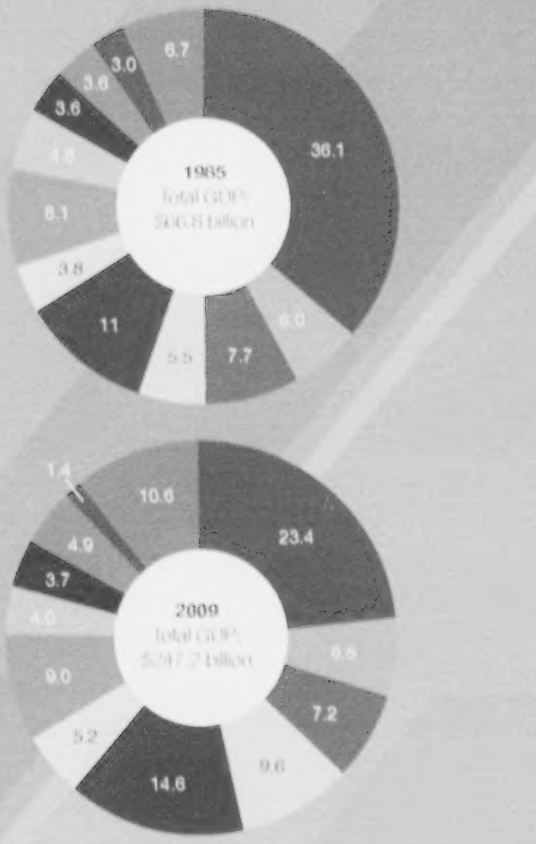
Alberta led all of Canada in average annual economic growth over the last 20 years. Over a span of one year, **Alberta's population increased by 1.4% to reach just over 3.7 million** by July 2010. Between 2000 and 2010, Alberta accounted for 21% of Canada's population growth. In 2006, the official Statistics Canada Census indicated that Alberta's population increased by 315,000 since the previous census completed in 2001.

In 2010, the Alberta economy recovered from the global recession and expanded by an estimated 3.8%. Private sector forecasts suggest that Alberta is seeing strong economic growth in 2011 and is poised to lead the country again in 2012.

The reasons for Alberta's strong economic position include:

- Alberta's diverse economy provides the broad-based growth that is crucial to sustaining stable, long-term economic growth.
- Energy accounts for about one-quarter of the province's Gross Domestic Product (GDP).
- Other sectors have shown considerable growth over the past two decades. From 1985 to 2009 the following non-energy sectors grew:
  - construction sector from 6.7% share of GDP to 10.6%;
  - finance and real estate sector from 11.0% to 14.6%; and
  - business and commercial services sector from 5.5% to 9.6%.

FIGURE 01
ECONOMIC DIVERSITY:
Distribution of GDP (%)

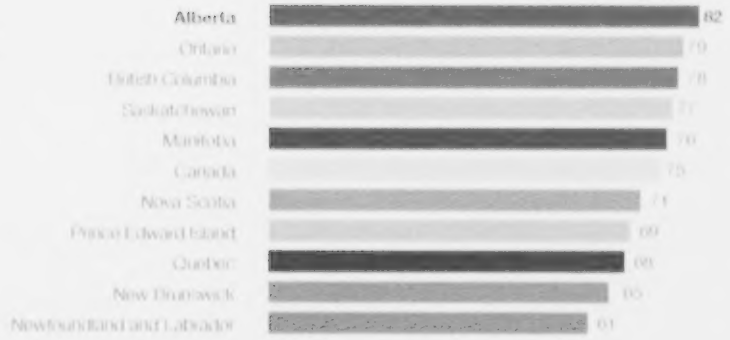


SOURCE: Statistics Canada and Government of Alberta

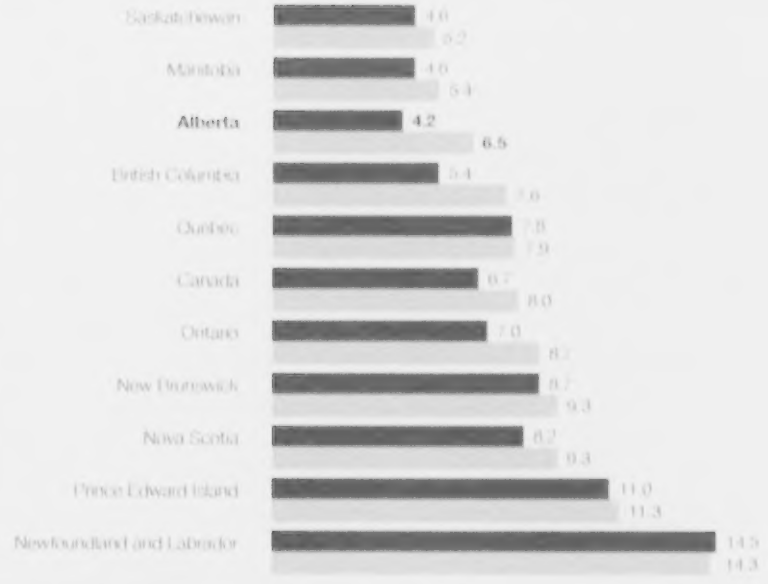
Alberta's **labour force** consists of more than two million well educated workers. In 2010, 64% of the labour force 25 years of age and older reported holding a university degree, post secondary diploma or certificate.

Since 2004, Alberta's unemployment rate has been one of the three lowest of all the provinces in Canada. While the recent global recession resulted in increases in unemployment, Alberta's **labour market** has since recovered and is now near a balanced level. Employment opportunities are expected to continue to grow as stronger economic growth resumes in Alberta.

EDUCATED WORK FORCE
Composite Learning Index, 2010



STRONG LABOUR MARKET
Unemployment Rates (%) by Province



In 2009, for the sixth consecutive year, families living in Alberta had the highest median after tax income at $77,800. For that same year, the median after tax income was $69,900 in Saskatchewan and $67,200 in British Columbia. Another measure of income is median family market income. This is the sum of earnings from employment, investment income and private retirement income excluding government transfers. In 2009, Alberta families had $82,300 in market income, 30.6% more than the Canadian average of $63,000, and $10,600 more than second ranked Saskatchewan.

Alberta has been the nation's leader in economic well being for more than 30 years. The province's strong performance in economic well being indicators was also evident in international comparisons. In 2009, Alberta ranked third in an international comparison of economic well being in Alberta and 14 OECD nations.

FIGURE 04

INDEX OF ECONOMIC WELL-BEING

Provincial Comparison, 2010

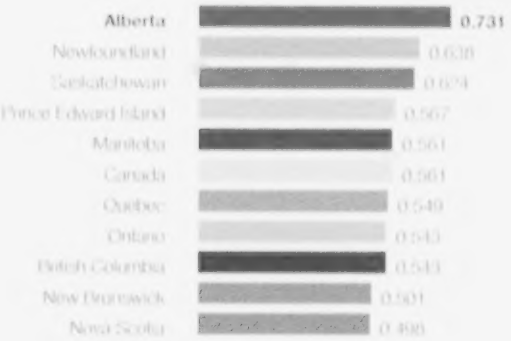


FIGURE 05

INDEX OF ECONOMIC WELL-BEING

International Comparison, 2009

Attractive investment climate

- Alberta continues to lead Canada in per capita investment.
- In 2010, per capita investment in Alberta was $18,930, almost twice the national average of $9,911.
- In 2010, investment rose to $70 billion due to the economic recovery and higher energy prices.
- Over the past 10 years, Alberta's financial services industry has experienced exceptional growth fuelled by high levels of capital investment in Alberta's energy sector.
- Investment is expected to be one of the major drivers of Alberta's economic growth over the next few years, driven by investment in oil sands development, utilities, manufacturing and business services.

FIGURE 10

PER CAPITA INVESTMENT

(2010 – Select Canada)

Competitiveness and entrepreneurship

In 2010, labour productivity in Alberta's business sector was higher than in any other province. The total value added per hour worked in Alberta exceeded the Canadian average by about 23%. Also in 2010, the *Alberta Competitiveness Act* was passed. The Act aims to better coordinate the efforts of government and industry to ensure the province remains one of the most competitive jurisdictions in the world.

Alberta's dynamic and innovative business climate is evident by the growth in the number of small businesses. For the last decade, Alberta has led Canada in the number of new small businesses. From 2000 to 2010, Alberta enjoyed an increase of 19,324, or 15.5% in the number of small business establishments (business establishments with less than 50 employees).

FIGURE 07

2010 BUSINESS SECTOR LABOUR PRODUCTIVITY

Real GDP per Hour Worked, in 2002 constant dollars

SOURCE: Statistics Canada, CANSIM (Table 383-0021)

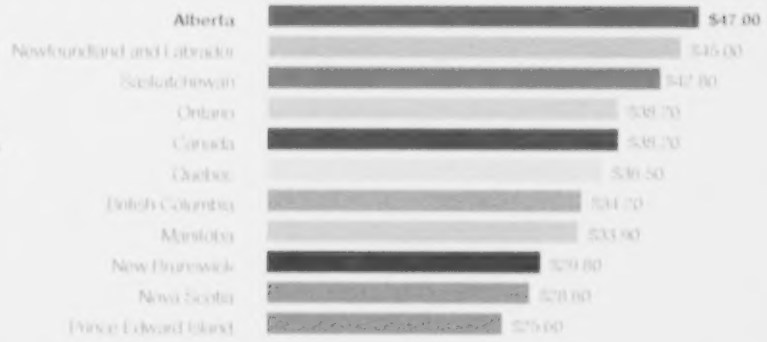
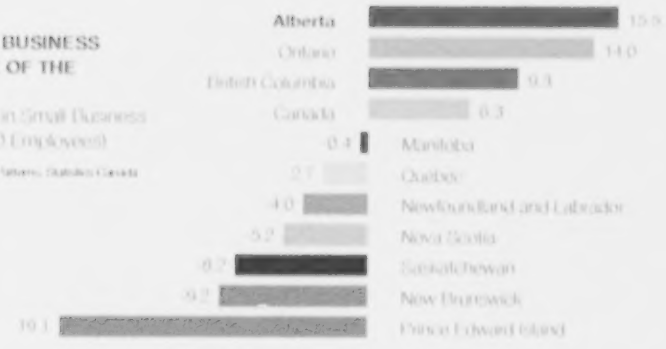


FIGURE 08

2000-2010 SMALL BUSINESS — CORNERSTONE OF THE ECONOMY

Percentage Change in Small Business Establishments (< 50 Employees)

SOURCE: Canadian Business Patterns, Statistics Canada



CORPORATE INCOME TAX RATES (%)
By Province

- General
- Manufacturing and Processing
- Small Business

Alberta	**10.0**	**10.0**	**3.0**
British Columbia	10.0	10.0	2.5
New Brunswick	10.0	10.0	5.0
Quebec	11.9	11.9	8.0
Manitoba	12.0	12.0	0.0
Saskatchewan	12.0	10.0	2.0
Ontario	11.5	10.0	4.5
Newfoundland and Labrador	14.0	5.0	4.0
Prince Edward Island	16.0	16.0	1.0
Nova Scotia	16.0	16.0	4.5
Federal	16.5	16.5	11.0

CORPORATE INCOME TAX RATES (%)
By State

- General
- Manufacturing and Processing
- Small Business

Oregon	7.6	7.6	6.6
California	8.84	8.84	8.84
North Dakota	6.4	6.4	6.1
Montana	6.75	6.75	6.75
Idaho	7.6	7.6	7.6
Colorado	4.63	4.63	4.63
Utah	5.0	5.0	5.0
New Mexico	7.6	7.6	4.8
Louisiana	8.0	8.0	7.1
Arizona	6.97	6.97	6.97
Federal	35.0	31.65	34.0

Notes:
[illegible]

Sources: [illegible]

Competitive corporate taxes

With recent tax changes, Alberta has one of the most competitive business tax environments in North America. FIGURE 08

- The combined federal/provincial corporate income tax rate in Alberta is 26.5% in 2011. This is the lowest combined federal/provincial corporate income tax rate in the country.
- By comparison, the combined average federal/state corporate income tax rate in the U.S. is 39.2%.
- In 2006, the Government of Alberta reduced its general corporate income tax rate to 10%. The Government of Canada is also reducing the general corporate income tax rate to 15% by 2012.
- The low income tax rates combined with no provincial capital taxes or taxes on financial institutions, no payroll taxes, no sales tax, and a publicly funded health care system makes Alberta's tax environment very competitive.
- In 2009, Alberta's health care premiums were eliminated.

FIGURE 08

COMPARISON OF CORPORATE INCOME TAXES (%)

- Federal
- Provincial/State

* Rates used represent the average effective tax rate of the 50 states and Washington, D.C. Sales between as of February 2011

Sources: Government of Alberta

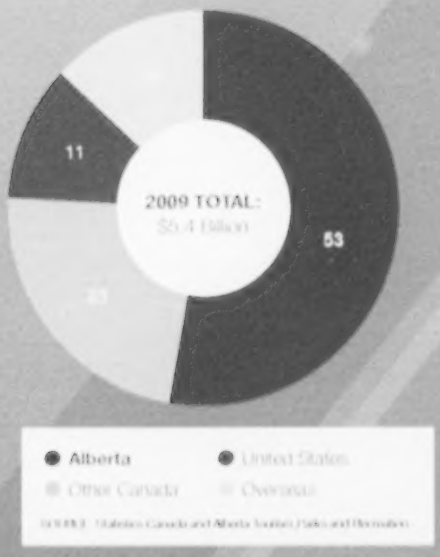
Tourism in Alberta

Alberta's tourism industry is comprised of many interdependent sectors including: **attractions, hotels/motels, campgrounds, food** service outlets, along with a range of **retail and transportation services.**

Tourism Statistics In Alberta:

- The total number of person visits to Alberta in 2009 was 22.6 million.
- Direct trip expenditures by these visitors exceeded $5.38 billion.
- Of the 22.6 million person visits, residents of Alberta accounted for 82% of this total. Residents of other Canadian provinces accounted for 11% of all visitors, while visitors from the United States accounted for 4% and other international visitors accounted for 3%.
- Alberta residents accounted for 53% of the $5.38 billion in direct trip expenditures. Residents of other Canadian provinces accounted for 23% of this total, while other international visitors accounted for 13% and visitors from the United States accounted for 11%. FIGURE 10

FIGURE 10
ALBERTA TOURISM RECEIPTS
By Visitor Origin (%)



Major inbound overnight markets

Key sources of overnight inbound travel to Alberta include the neighbouring provinces, the U.S., and major European and Asian markets. British Columbia is a substantive source of inbound travel to Alberta, followed by Saskatchewan, Ontario, and Manitoba. The United Kingdom generated more overnight travel in Alberta in 2009 than any American state, including California, Washington, and Montana. The chart below outlines Alberta's key inbound overnight markets.

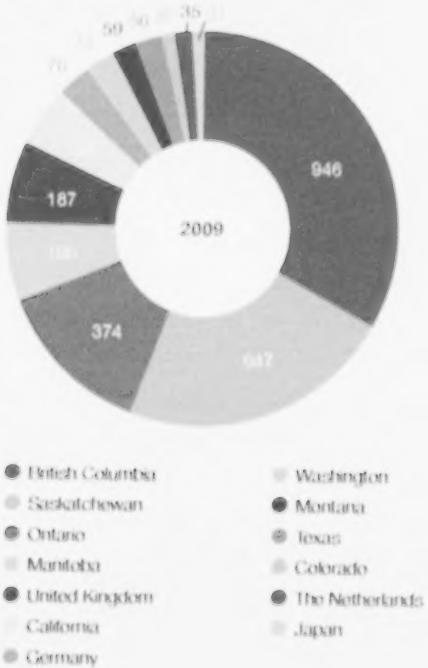
Tourism destination regions in Alberta

Alberta's six Tourism Destination Regions (TDRs) include:

- Calgary & Area,
- Edmonton & Area,
- Alberta Central,
- Alberta North,
- Alberta South, and the
- Canadian Rockies.

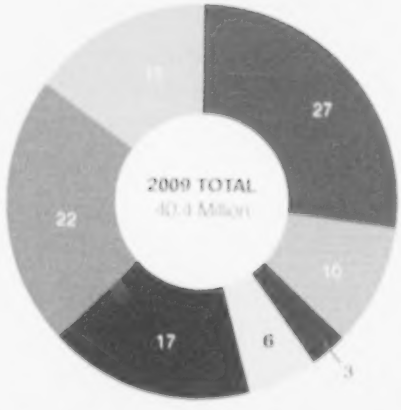
The Calgary and Area tourism destination region accounted for 27% of all person nights spent in the province. The remaining allocation included: Edmonton and Area (22%), Alberta Central (17%), Canadian Rockies (15%), Alberta South (10%) and Alberta North (6%).

OVERNIGHT PERSON-VISITS
In Thousands



- British Columbia
- Saskatchewan
- Ontario
- Manitoba
- United Kingdom
- California
- Germany
- Washington
- Montana
- Texas
- Colorado
- The Netherlands
- Japan

OVERNIGHT TOURISM
By Tourism Destination Region (%), 2009



- Calgary and Area
- Alberta South
- Unspecified Region
- Alberta North
- Alberta Central
- Edmonton and Area
- Canadian Rockies

Wood Buffalo National Park
RAINBOW LAKE
HIGH LEVEL
FORT CHIPEWYAN
FORT McMURRAY
PEACE RIVER
GRANDE PRAIRIE
COLD LAKE
GRANDE CACHE
HINTON
EDMONTON
Elk Island National Park
LLOYDMINSTER
JASPER
CAMROSE
WETASKIWIN
Jasper National Park
Columbia Icefield
LACOMBE
RED DEER
Banff National Park
LAKE LOUISE
DRUMHELLER
OYEN
BANFF
CANMORE
CALGARY
Dinosaur Provincial Park
MEDICINE HAT
Head-Smashed-In Buffalo Jump
LETHBRIDGE
CROWSNEST PASS
Waterton Lakes National Park
MILK RIVER
1 EDMONTON AND AREA
2 CALGARY AND AREA
3 CANADIAN ROCKIES
4 ALBERTA SOUTH
5 ALBERTA CENTRAL
ALBERTA NORTH

Alberta supports tourism

Tourism is an important industry in Alberta, and the Government recognizes the role it plays in helping diversify the provincial economy. The government's strategic focus is on positioning Alberta as an attractive and preferred travel destination, and facilitating the development of marketable tourism products, new travel destinations, and a policy and regulatory environment that supports tourism.

In 2005, the government enacted the *Tourism Levy Act* which created a sustainable funding source for provincial tourism marketing and development programs. The four percent Tourism Levy is applied at hotels, lodges and other fixed roof accommodation, and collected and remitted to the Government of Alberta. The funds collected provide the basis for the tourism marketing and development activities carried out by Travel Alberta and the ministry responsible for tourism.

Effective April 2009, Travel Alberta became a provincial Crown corporation and continues to market Alberta as a tourism destination regionally, nationally and internationally. It also assists Alberta's tourism industry to market and sell their product. Its marketing programs are based on partnership and collaboration with industry stakeholders. Funding to support the marketing efforts of Travel Alberta has grown to well over $50 million based on Tourism Levy collections.

The Government of Alberta (GOA) offers a variety of services for those seeking to invest in and develop tourism projects in Alberta. Its interest is in helping investors and developers identify potential tourism development opportunities in the province. With its knowledge of the resources, land base and characteristics of tourist visitation across Alberta, the GOA can tailor its assistance to investor needs. Once an investor decides on a particular location in the province, the GOA will provide information for key community business contacts. The GOA's services are free of charge to qualified business developers and investors.

Alberta: A positive business environment

The Alberta government supports the efforts of tourism industry stakeholders to provide new and enhanced tourism products and destinations which drive increased demand for tourism. It achieves this through the provision of information and advisory services and by facilitating a business environment that supports tourism within the province.

In summary, there are a number of elements that make Alberta a good location for tourism investment and business establishment:

- The lowest overall taxes in Canada.
- No provincial sales tax (the only province in Canada without one).
- No general capital or payroll taxes prevalent in other provinces and U.S. states.
- A highly entrepreneurial and competitive business environment.
- A government committed to less regulation to enhance business competitiveness.
- A fiscally responsible government that demonstrates to investors the business like attitude of the Government of Alberta.
- A highly skilled, educated, and motivated workforce that is the most productive in Canada.
- A strong science and technology culture.
- World class infrastructure to support business, including transportation, telecommunications, and utilities, as well as excellent hospitals, schools, and post secondary institutions.

Tourism related investment services

Some of the services available through the Government of Alberta include:

- Assessing and matching investment interests and financial resources with appropriate tourism business investment opportunities.
- Organizing site visits to review investment opportunities.
- Introducing investors to relevant business contacts and facilitating meetings to assist with investment interests.
- Availing tourism research and development information to assist with business cases or feasibility studies.
- Providing detailed information on tourism sectors of interest.
- Assistance with Crown land leasing opportunities through the Alberta Tourism Recreation Leasing program.
- Links to the Federal Government's Business Immigration Program.
- Access to tourism related investment services through the Alberta government's international office network (Beijing, Shanghai, Tokyo, Hong Kong, Taipei, Seoul, Mexico City, London and Munich).

Tourism investment opportunities in Alberta

For additional information, please contact:

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